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APPLICATION NO.	FILING DATE	FIRST NAMED INVENTOR	ATTORNEY DOCKET NO.	CONFIRMATION NO.
10/771,094	02/02/2004	John N. Gross	JNG 2004-4	2038
23694 7590 03/18/2010 Law Office of J. Nicholas Gross, Prof. Corp. 2030 ADDISON ST. SUITE 610 BERKELEY, CA 94704				
EXAMINER RUHL, DENNIS WILLIAM				
ART UNIT 3689		PAPER NUMBER		
NOTIFICATION DATE 03/18/2010		DELIVERY MODE ELECTRONIC		

Please find below and/or attached an Office communication concerning this application or proceeding.

The time period for reply, if any, is set in the attached communication.

Notice of the Office communication was sent electronically on above-indicated "Notification Date" to the following e-mail address(es):

jngross@pacbell.net
anthonygreek@gmail.com

Office Action Summary

Application No.

10/771,094

Applicant(s)

GROSS, JOHN N.

Examiner

Dennis Ruhl

Art Unit

3689

-- The MAILING DATE of this communication appears on the cover sheet with the correspondence address --
Period for Reply

A SHORTENED STATUTORY PERIOD FOR REPLY IS SET TO EXPIRE 3 MONTH(S) OR THIRTY (30) DAYS, WHICHEVER IS LONGER, FROM THE MAILING DATE OF THIS COMMUNICATION.

- Extensions of time may be available under the provisions of 37 CFR 1.136(a). In no event, however, may a reply be timely filed after SIX (6) MONTHS from the mailing date of this communication.
- If NO period for reply is specified above, the maximum statutory period will apply and will expire SIX (6) MONTHS from the mailing date of this communication.
- Failure to reply within the set or extended period for reply will, by statute, cause the application to become ABANDONED (35 U.S.C. § 133). Any reply received by the Office later than three months after the mailing date of this communication, even if timely filed, may reduce any earned patent term adjustment. See 37 CFR 1.704(b).

Status

- 1) ☒ Responsive to communication(s) filed on 09 November 2009.
- 2a) ☒ This action is **FINAL**. 2b) ☐ This action is non-final.
- 3) ☐ Since this application is in condition for allowance except for formal matters, prosecution as to the merits is closed in accordance with the practice under *Ex parte Quayle*, 1935 C.D. 11, 453 O.G. 213.

Disposition of Claims

- 4) ☒ Claim(s) 1-9 and 11-26 is/are pending in the application.
- 4a) Of the above claim(s) _____ is/are withdrawn from consideration.
- 5) ☐ Claim(s) _____ is/are allowed.
- 6) ☒ Claim(s) 1-9 and 11-26 is/are rejected.
- 7) ☐ Claim(s) _____ is/are objected to.
- 8) ☐ Claim(s) _____ are subject to restriction and/or election requirement.

Application Papers

- 9) ☐ The specification is objected to by the Examiner.
- 10) ☐ The drawing(s) filed on _____ is/are: a) ☐ accepted or b) ☐ objected to by the Examiner.
Applicant may not request that any objection to the drawing(s) be held in abeyance. See 37 CFR 1.85(a).
Replacement drawing sheet(s) including the correction is required if the drawing(s) is objected to. See 37 CFR 1.121(d).
- 11) ☐ The oath or declaration is objected to by the Examiner. Note the attached Office Action or form PTO-152.

Priority under 35 U.S.C. § 119

- 12) ☐ Acknowledgment is made of a claim for foreign priority under 35 U.S.C. § 119(a)-(d) or (f).
- a) ☐ All b) ☐ Some * c) ☐ None of:
1. ☐ Certified copies of the priority documents have been received.
 2. ☐ Certified copies of the priority documents have been received in Application No. _____.
 3. ☐ Copies of the certified copies of the priority documents have been received in this National Stage application from the International Bureau (PCT Rule 17.2(a)).

* See the attached detailed Office action for a list of the certified copies not received.

Attachment(s)

- 1) ☒ Notice of References Cited (PTO-892)
- 2) ☐ Notice of Draftsperson's Patent Drawing Review (PTO-948)
- 3) ☒ Information Disclosure Statement(s) (PTO/GS/US)
Paper No(s)/Mail Date _____

- 4) ☐ Interview Summary (PTO-413)
Paper No(s)/Mail Date _____
- 5) ☐ Notice of Informal Patent Application
- 6) ☐ Other: _____

Applicant's response of 11/09/09 has been entered. The examiner will address applicant's remarks at the end of this office action.

1. 35 U.S.C. 101 reads as follows:

Whoever invents or discovers any new and useful process, machine, manufacture, or composition of matter, or any new and useful improvement thereof, may obtain a patent therefor, subject to the conditions and requirements of this title.

2. Claims 11,14-20,24-26, are rejected under 35 U.S.C. 101 because the claimed invention is directed to non-statutory subject matter.

For claims 11, applicant has amended the claim to recite that each "routine" is now embodied in a computer readable medium. The specification as originally filed failed to disclose a computer readable medium at all, so the examiner is bound to interpret this term using the broadest reasonable interpretation for the term "computer readable medium". While not new matter because a medium of some kind is inherent to the original disclosure, as one of ordinary skill in the art would readily appreciate a computer readable medium includes signals. Signals are not statutory subject matter and merely reciting that the various "routines" are in a computer readable medium has a scope that includes software in a signal format that is readable by a computer. For this reason the subject matter of the claims is not found to fall into any one of the allowable statutory classes of invention and is therefore not considered statutory.

Also for claim 11, applicant has positively recited that the routines are in a readable medium and that are "executing" on a computer system. Claim 11 is attempting to claim an apparatus type of statutory class of invention where method steps are not proper. Applicant is trying to claim both the apparatus (although actual

claim scope includes non-statutory subject matter) and a method of its execution in claim 11. This is a mixing of distinct statutory classes of invention that renders the claim as non-statutory.

3. The following is a quotation of 35 U.S.C. 103(a) which forms the basis for all obviousness rejections set forth in this Office action:

(a) A patent may not be obtained though the invention is not identically disclosed or described as set forth in section 102 of this title, if the differences between the subject matter sought to be patented and the prior art are such that the subject matter as a whole would have been obvious at the time the invention was made to a person having ordinary skill in the art to which said subject matter pertains. Patentability shall not be negated by the manner in which the invention was made.

4. Claims 1-4,6-9,11-16,18-26, are rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (6584450) in view of "Acid Rain" NPL article.

For claims 1,3,4,7,9,11,14-16,19,20, Hastings discloses a system and method for providing content to subscribers (users). Hastings discloses that *a user selection queue* is set up by the subscriber that contains a *list of one or more playable media* items that they desire to rent (e.g. a movie). See column 4, lines 22-34 and lines 54-67 as examples. A set of *queue replenishment rules* is disclosed as being used to determine if the *ordering of queue* should be changed by either adding or removing an item from the user selection queue. The claim scope includes the situation where an item is to be *added or removed* from the user selection queue. For example, when a DVD is returned by a user (a trigger), the system of Hastings checks the queue replenishment rules (Max Out option and/or Max Turns *as specified by the user*) to determine if the ordering of the queue should be changed, such as by removing a movie from the user

selection queue by shipping it out to the user. This happens with no further input from the user. When a new DVD is shipped, the ordering of the user selection queue is changed because the shipped title is taken out of the queue and is moved to a checked out status in a checked out queue. With respect to *monitoring the queue* to determine if a new item should be added, even though only one of the two situations in part c) is required due to the use of "or", Hastings discloses that there is a recommender system that can recommend movies to the user that can be added to the user selection queue (can be done by "genre" which satisfies *claim 20* as far as a type goes). See column 8, lines 43-65 as an example. The user selection queue is modified as claimed regardless of whether or not an item is removed from the user selection queue or added to the user selection queue.

With respect to the limitation directed to the *moving of a playable media item* out of the user selection queue and placing it in a *titles out list* (a checked out list) when the item is delivered to the customer, this is what happens when a movie is removed from the user selection queue in Hastings and is sent out to the user. In Hastings, the system keeps track of how many movies are out at one time (for the Max Out embodiment) and this constitutes a *list of "checked out" movies*. The Max Out example in Hastings is directed to a cap (limit) on the number of movies that may be checked out at any given time (*N titles one can have at one time*). The number of movies that a user can have at any one given time is capped in the system of Hastings to a certain number. Once the movies are shipped they do not remain in the user selection queue, which is for movies that the user desires. Even the instant specification on page 2 when

discussing the prior art system of Netflix (which is the Hastings patent), stated that once items are shipped to a subscriber in Netflix, the items then appears in a list that is essentially a titles out queue. This is found in Hastings in the Max Out embodiment. Additionally, when the interpretation in part c) includes an item being added to the user selection queue as opposed to being removed, then part e) of the claim then reads on the act of another movie that is in the user selection queue becoming available and being immediately shipped out to the user. This satisfies part e) of the claim.

Not specifically disclosed is that in response to a request from a user, the capacity of the user selection queue is reduced so as to increase a second capacity of a second user selection queue (another user).

It is noted by the examiner that Hastings does disclose that the cap in the Max Out embodiment (N titles) can be changed and is not strictly held at one particular level. In column 10, line 66 to column 11, line 10, it is disclosed that there might be situations where a user desires to increase or decrease the size of their personal movie limit (changing the Max Out limit). Hastings recognizes that the cap for the number of movies one can receive can vary and can be increased or decreased in response to a request from a user.

With respect to the claimed step in f) of *reducing the user selection queue capacity and increasing a second queue capacity*, this appears to read on the well known act of having a cap and trade system in place for a particular item, and/or the act of one user "donating" their unused capacity to another user who desires that unused capacity. Both will be addressed by the examiner.

With respect to a cap and trade system, it is well known in the art that in situations where something is capped at a certain level, one can implement a cap and trade polity that allows users with unused capacity to allocate their unused capacity to another user. User A can arrange to obtain unused capacity from user B. When that happens, the capacity of user B is reduced and the capacity of User A is increased by a corresponding amount. This type of program is set forth in "*Acid Rain Program*" article, which is a cap and trade system that was put in place by the EPA many years ago. The Acid Rain NPL article discloses that the system has an emissions allowance trading system that allows for allowances to be bought, sold, or banked. A ceiling or cap was implemented and each user had a cap they had to adhere to. See the "Allowance Trading" section of the article on page 3. If a particular user desires more capacity than they are capped at, they can arrange to obtain extra capacity from another user in the cap and trade system. This NPL reference is being cited to show the existence of a cap and trade system that allows users participating in a particular program to trade unused portions of their unused capacity. Unused capacity is effectively an asset to a user that is not being utilized. In Hastings, the number of movies one can have at one time is capped in the Max Out option. Hastings already has the cap portion of a cap and trade system because the number of movies is capped. Hastings also recognizes and discloses that there might be situations where a user desires to increase or decrease the size of their personal movie limit (changing the Max Out limit). Hastings recognizes that the cap for the number of movies one can receive can vary and can be increased or decreased in response to a request from a customer. It would have been obvious to

one of ordinary skill in the art at the time the invention was made to provide Hastings with a cap and trade system (actually only really providing the trading part) so that users can arrange to allocate any capacity in terms of their Max Out number to another user. It seems to the examiner that this claimed feature is more or less taking a business model of a cap and trade system, which is well known, and applying it to Hastings. This is not considered to involve more than ordinary skill in the art.

Additionally, with respect to a user allocating capacity to another user, this also appears to read on the act of one merely donating capacity to another user. Upon reading the claim amendment the examiner initially thought of the idea of a "leave donation" from one employee to another employee. In that scenario, one employee decides to allocate capacity (vacation time) to another employee. The capacity of the donating employee is reduced and the capacity of the receiving employee is increased. This is a very well known concept that the examiner takes "official notice" of in addition to the position set forth with the cap and trade NPL article. The claim scope seems to read on a donation, something that is very well known. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide Hastings with the ability to allow a user to donate unused capacity in their checked out queue, because the act of donating is considered to be obvious. The examiner does not see how allowing donations to occur in Hastings is something that took more than ordinary skill in the art to come up with.

For claim 2, the recommender system and the monitoring of the queue happens without the user having to be connected to the network as claimed. The system of

Hastings will operate as disclosed regardless of whether or not a user is connected via a network.

For claim 6, it is inherent that the modification will occur after a predetermined time delay, which is the delay involved with the use of networks and hardware. The type of hardware used and the type of network used with result in a predetermined delay, because nothing happens in absolute real time.

For claim 12, the queue in Hastings is maintained at a website as claimed. The software is fully capable of being executed via a separate website. Software can be executed on any computer or server it is placed on.

For claim 13, the user selection queue is maintained in a client system. Structurally that is all that is recited. Who operates it is not a structural feature to the system. Also, when the user interacts to change their queue, they are more or less operating the client system by instructing it to make a change. This satisfies what is claimed.

For claim 8, with respect to trigger event being based on the quantity of items remaining in the queue, this is not disclosed by Hastings. The examiner takes "official notice" that it is well known to notify customers of the fact that an account is getting low and that the account balance needs to be modified. An example would be a financial account where customers can be notified of a low account balance so that the customer can take steps to ensure that the balance is kept at a satisfactory level. Children going to elementary school use meal cards (pre-paid cards) to pay for meals. When the account balance is getting low the school sends out a notification to the parents to

inform them that the meal card balance is getting low. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide the customer with a notification when it is determined that their queue is empty and that a modification to the queue should occur if they want to receive more DVD items. The fact there are no movies in a subscriber's queue is something that the subscriber would like to know about (one of ordinary skill in the art would recognize this) so that they can modify the queue and receive another movie.

For claim 18, not disclosed is that the queue replenishment rules ensure that there is always at least one item in the subscriber queue. This is in essence ensuring that the customer always has at least one movie in their queue. One of ordinary skill in the art recognizes that good customer service is good for business. The examiner takes "official notice" of the fact that it is well known for music delivery companies to automatically send a selection to a subscriber on a monthly basis, so that they receive something each month. When one enters into a subscription with a mail delivery music service, they agree to purchase a certain number of selections (e.g. music albums), and each month the subscriber can be sent a selection without their input. Columbia House is known to have done this for music titles and Time Life is known to have done this for a book subscription club many years ago, and in reality this has been done for decades. One of ordinary skill in the art would have found it obvious to ensure that there is always at least one movie in their queue so that the customer can always have a movie to view as is known in the art.

For claims 21,23,24,26, applicant has claimed that the capacity "can be" allocated on a temporary basis or that capacity can be exchanged for access rights to a third media item. Reciting what "can" happen is not the same as reciting what actually is happening in a method claim. Method claims are not examined and given weight based on what might or can happen, they are examined for what actual steps are being positively recited as actually being performed in the method. In this case, there is no further step in reciting that capacity can be allocated on a temporary basis or that capacity can be exchanged for another media item. Applicant is not claiming any further steps in these claims. Additionally, in the prior art combination one can trade capacity. It is entirely possible that one user can trade back capacity from the person they initially received it from. This possibility "can" occur and satisfies claim 21. The user can trade for whatever they want to trade for. Again, no actual step of any exchange or trade is claimed.

For claims 22,25, applicant has recited that the queue control rules have instructions. What the instructions are or what they convey to the user is nothing more than a recitation directed to non-functional descriptive material. Clearly in Hastings, one has to sign up with a rental contract, so instructions on how the system will work and instructions on what you are signing up for are provided to the user. This is inherent in Hastings. Also, the examiner is not clear as to what method step or actual structure is defined by reciting that control rules (an abstract concept only) have instructions. This is not a further step and is not a recitation to any structure to any type of device.

5. Claims 5,17, is rejected under 35 U.S.C. 103(a) as being unpatentable over Hastings et al. (6584450) in view of Pennell et al. (6874023). Hastings discloses the invention substantially as claimed.

For claims 5,17, not disclosed is a notification that will notify the subscriber when the ordering of the queue has been changed by monitoring the queue (for either a sent out movie or for a recommended movie being added to the queue). Pennell discloses a system and method where a customer that has an account with a particular web site can be notified of any changes in their account. Pennell discloses changes such as miles being added to a Frequent Flyers account or trades being made at eSchwab (online trading). Pennell recognizes that it may be too time consuming for the customer to continually log into their account at the respective web site and discloses that the notification system makes this process much easier and more user friendly. It would have been obvious to one of ordinary skill in the art at the time the invention was made to provide the subscriber of Hastings with the ability to monitor their queue and receive notifications when changes are made as disclosed by Pennell (identify items that are being shipped and informing them that the order of the queue is changed) so that the customer does not have to continually log into their account to be informed of account changes.

6. Applicant's arguments with respect to the claims and Hastings have been considered but are moot in view of the new ground(s) of rejection.

With respect to the comments regarding official notice, applicant has not timely presented a proper traversal to the taking of official notice. The issue asserted by the examiner is now considered to be a matter of fact for the record due to applicant not challenging the validity of the official notice in any manner. Applicant has stated that they might argue the official notice at a later time should it be necessary. Failure to properly traverse a rejection based on official notice in a timely manner is a waiver of the right for applicant to argue it later in prosecution. The matter is not considered moot as applicant has not presented a traversal on the merits at all.

Applicant's statements that there are other aspects of the rejection and language in the claims that might be argued later if it is deemed necessary fails to comply with 37 CFR 1.111(b) because they amount to a general allegation that the claims define a patentable invention without specifically pointing out how the language of the claims patentably distinguishes them from the references. Applicant is under an obligation to present arguments in a timely manner under rule 1.111, not withholding arguments until a later time when applicant decides to present the arguments to the examiner for consideration.

7. Applicant's amendment necessitated the new ground(s) of rejection presented in this Office action. Accordingly, **THIS ACTION IS MADE FINAL**. See MPEP

§ 706.07(a). Applicant is reminded of the extension of time policy as set forth in 37 CFR 1.136(a).

A shortened statutory period for reply to this final action is set to expire THREE MONTHS from the mailing date of this action. In the event a first reply is filed within TWO MONTHS of the mailing date of this final action and the advisory action is not mailed until after the end of the THREE-MONTH shortened statutory period, then the shortened statutory period will expire on the date the advisory action is mailed, and any extension fee pursuant to 37 CFR 1.136(a) will be calculated from the mailing date of the advisory action. In no event, however, will the statutory period for reply expire later than SIX MONTHS from the date of this final action.

Any inquiry concerning this communication or earlier communications from the examiner should be directed to Dennis Ruhl whose telephone number is 571-272-6808. The examiner can normally be reached on Monday through Friday.

If attempts to reach the examiner by telephone are unsuccessful, the examiner's supervisor, Janice Mooneyham can be reached on 571-272-6805. The fax phone number for the organization where this application or proceeding is assigned is 571-273-8300.

Information regarding the status of an application may be obtained from the Patent Application Information Retrieval (PAIR) system. Status information for published applications may be obtained from either Private PAIR or Public PAIR. Status information for unpublished applications is available through Private PAIR only. For more information about the PAIR system, see <http://pair-direct.uspto.gov>. Should you have questions on access to the Private PAIR system, contact the Electronic Business Center (EBC) at 866-217-9197 (toll-free). If you would like assistance from a USPTO Customer Service Representative or access to the automated information system, call 800-786-9199 (IN USA OR CANADA) or 571-272-1000.

/Dennis Ruhl/
Primary Examiner, Art Unit 3689